

**Form 51-102 F3**

***Material Change Report***

**1. Name and Address of Company**

Sea Dragon Energy Inc. (the “**Corporation**”)  
340 – 12<sup>th</sup> Avenue S.W., Suite 1100  
Calgary, Alberta  
T2R 1L5

**2. Date of Material Change**

December 21, 2009

**3. News Release**

A news release was issued on December 21, 2009 through the facilities of Marketwire and filed with regulatory authorities in Canada.

**4. Summary of Material Change**

The Corporation has completed the acquisition of all of the issued and outstanding shares of Premier Oil Egypt (NW Gemsa) B.V.

**5. Full Description of Material Change**

The Corporation has completed the acquisition of all of the issued and outstanding shares of Premier Oil Egypt (NW Gemsa) B.V. The acquisition, which was announced on August 19, 2009 when Sea Dragon signed a sale and purchase agreement with Premier Oil Overseas B.V, gives Sea Dragon a 10% working interest in the NW Gemsa Concession, located approximately 300 km south east of Cairo. The other two partners in the concession are the operator, Vegas Oil and Gas S.A. (50% working interest) and Circle Oil Plc (40% working interest).

The effective date of the acquisition is July 1, 2009. The total consideration paid of \$US 14.7 million includes the purchase price of \$US 12.5 million plus working capital adjustments to December 21, 2009. The Company is entitled to receive its 10% share of production revenues after July 1, 2009. For the months of July to October, Sea Dragons' share of net revenues after taxes and royalties totalled \$US1.0 million.

The NW Gemsa concession is in the midst of a nine well development program of the Al-Amir and Geyad areas. Six wells have been brought onto production under the Al-Amir and Geyad development leases since February 2009 and gross daily production reached 9,220 bopd in January, 2010. Cumulative production from the concession since it began producing in February 2009 is now over 1.3 million barrels. The seventh well in the concession is in progress and two more wells are to be completed before the end of 2010.

## **Forward Looking Statements**

Statements in this report that are forward-looking statements are subject to various risks and uncertainties concerning the specific factors disclosed under the heading Risk Factors and elsewhere in the Corporation's filings with Canadian securities regulators. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic, political and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof. The Corporation does not assume any obligation to update any forward-looking statements, save and expect as may be required by applicable securities laws.

### **6. Reliance on subsection 7.1(2) of National Instrument 51-102**

Not applicable

### **7. Omitted Information**

None

### **8. Executive Officer**

The following senior officer of the Corporation is knowledgeable about the material change and this report and may be contacted by any securities commission regarding the change:

David Thompson  
Senior Vice President and Director  
(403) 457-5035

### **9. Date of Report**

February 10, 2010